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NSC BRIEFING

4 APRIL 1956

CHINA: "SOCIALIZATION" SPEED-UP

- I. Peiping claims 90% peasant now in "cooperatives", as compared with 15% ('55), 33% (Planned '57).
 - A. 50% of these "fully socialist" (ie: collectives)
- II. Private business also down: 2% of total (although 12% planned '57)
- III. Claims seem reasonable (compare USSR).
- IV. Production goals to rise:
 - A. Five Year Plan to take 4 to 4 1/2 years.
 - B. Agriculture in '56 to top '57 plan.
- V. Effect on popular support:
 - A. Farm opposition not effective,
 - B. Urban opposition even less.
- VI. Effect on Sino-Soviet relations:
 - A. Intensifies economic dependence, but China's "individuality" continues.
- VII. Conclusion:

Speed-up is further evidence consolidation Communist control.

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4 April 1956

CHINA: SPEED-UP IN "SOCIALIZATION"

1. Peiping claims that the abolition of private farming and private business has been almost completed in Communist China. This claimed acceleration of socialization during the past year has been followed by sharp increases in government goals set for agricultural and industrial production.

2. The Chinese Communists now say that 90% of all peasants in China are members of farm cooperatives, as compared with 15% in July 1955 (and 33% originally scheduled by the end of 1957, under the Five Year Plan). Although some of these cooperatives are described as only "semi-socialist" in character (with the peasant retaining theoretical title to his land), more than 50% of the peasants are now said to be members of "fully socialist" cooperatives (ie: Soviet-type collectives). Most of the remainder will probably be enrolled in collectives by next winter. Mao Tse-thng is apparently staking his own position on the success of rapid collectivization. He personally interceded last July to change the Party's more gradualistic policy.

3. The Chinese claims do not appear unreasonable in the light of Soviet experience. The USSR originally planned to collectivize 10% of its peasants by the end of its first Five Year Plan ('28-'32). Actually, over half of the USSR's peasants were forced to join collectives during the winter of 1929-30.

4. In addition to the peasantry, businessmen in all major Chinese cities have undergone "socialist transformation" during the past winter. This is to say, they have been forced to accept "joint state-private" ownership of their firms. By the end of January 1956, private industry accounted for only 2% of China's industrial output, as against 16% at the beginning of last winter, although the Five Year Plan had envisaged private industrial output as still some 12% of total industrial production in 1957.

5. This "high tide" of socialization, according to Mao Tse-tung, has created "favorable conditions" for a new rise in Communist China's national economy. The Five Year Plan, begun in 1953 and made public in July '55, is to be completed in 4 to 4 1/2 years, according to Chou En-lai. Although the construction program has failed to meet quotas in each of the first three years of the ^{GOAL} Plan, a dramatic 60% increase has been announced for 1956 over 1955. This increase would more than make up for past delays. To "prove that socialism is superior to individual small-farm economy," Peiping has set an agricultural production target for this year which exceeds that originally set for 1957.

6. Significance for popular support of Peiping regime. Peiping has avoided trouble in its drive by not emphasizing the formation of "fully socialized" collectives until the end of 1955. Before that, Peiping had prepared popular attitudes first through land reform (giving the poorer peasants land formerly owned by landlords and rich peasants); then by having the peasants join mutual aid teams (exchanging labor with each other but retaining the harvest of his own land); then by converting the mutual aid teams into semi-

socialist cooperatives (working all lands in common but allowing each peasant to retain legal title to his own land and to receive rent from the cooperative for the use of his land). Much of China's success to date can also be attributed to the regime's strong police controls, and popular opposition does not seem sufficient to slow Peiping's drive for rapid progress in this program. Dissatisfaction, however, is probably widespread, and some peasants have reacted to the collectivization drive by slaughtering livestock. Opposition to socialization in the cities will be even less effective than in the countryside.

7. Significance for Sino-Soviet relations. Peiping's socialization and industrialization program will intensify China's economic dependence on the Soviet Union. Soviet support for the program may be a topic of conversation during the Mikoyan visit to China. But China's individuality in the Orbit shows no signs of suffering. For example, Peiping has reprinted Soviet criticism of Stalin and of the "cult of personality" without comment, while continuing to refer to Mao Tse-tung in adulatory terms and now crediting Mao with theoretical contributions formerly attributed to Stalin.

8. In conclusion, Peiping claims that socialist transformation in China will be "peaceful"--a euphemism which cloaks widespread dissatisfaction in the country but which nevertheless reflects the regime's confidence that it will not meet the violent resistance encountered by the Soviet collectivization drive of the 1930's. Acceleration of the drive offers further confirmation of Communist success in consolidating political, economic, and military control over the Chinese